



**CITY OF LODI  
COUNCIL COMMUNICATION**

TM

**AGENDA TITLE:** Discussion and Appropriate Action Regarding: 1) Electric Utility \$350,000 Annual Transfer to the General Fund Capital 2) Repayment of Past Annual \$350,000 Transfers from the Electric Utility to the General Fund Capital and 3) \$73,000 Remaining Balance of the Old Lodi Union High Foundation's 1991 Loan.

**MEETING DATE:** May 19, 2004

**PREPARED BY:** Deputy City Manager

**RECOMMENDED ACTION:** That Council Discuss and Take Appropriate Action Regarding: 1) Electric Utility \$350,000 Annual Transfer to the General Fund Capital 2) Repayment of Past Annual \$350,000 Transfers from the Electric Utility to the General Fund Capital and 3) \$73,000 Remaining Balance of the Old Lodi Union High Foundation's 1991 Loan."

**BACKGROUND INFORMATION:** At the request of Council, on April 26, 2004, staff presented a thorough analysis of interfund transfers ranging from Impact Fees, Redevelopment Agency, Community Development Block Grants, Electric Utilities, Transit, etc. to account for the \$9,102,363 as noted on page 40 of the Comprehensive Annual Financial Report (Exhibit A) for June 2003.

Following much discussion, Council directed staff to bring back three items for action:

**1) Electric Utility \$350,000 Annual Transfer to the General Fund Capital (continue or halt the transfer?)** On July 17, 1996 the City Council approved Resolution 96-95 to authorize an "investment transfer of \$350,000 from the Electric Utility to the General Fund Capital Outlay Fund." The Finance Department has booked this transfer from 1996 through June 30, 2003 as a loan in accordance with the past practice of the Department. The principle balance of the loan reported June 30, 2003 was \$2,050,000. This should be adjusted to reflect payments received from the Foundation as described in the City Council Communication of July 17, 1996. To date the Foundation has paid the City \$2,012,500 or 19.43% of the \$10,358,362 loan. A copy of Resolution 96-95 (Exhibit B), Council Communication and Council minutes of July 17, 1996 (Exhibit C) are attached. During discussion on April 26, 2004, Council suggested that the practice of transferring \$350,000 to General Fund Capital be terminated.

*Original Staff Recommendation: Treat the "loan" as an investment transfer*

APPROVED:

H. Dixon Flynn, City Manager

**2) Repayment of Past Annual \$350,000 Transfers from the Electric Utility to the General Fund Capital and a proposed rate reduction for Electric Utility customers (repay the "loan" or consider it an investment transfer?)** Council discussed during the April 26, 2004 Council meeting whether or not the General Fund Capital should "pay back" the Electric Utility for the annual \$350,000 transfers. Additionally, Council discussed whether or not interest should be paid by the General Fund Capital to the Electric Utility for the transfers. As noted in item #1 above, the balance of the transfer is \$2,050,000 which would equal approximately \$576,720 per year (\$350,000 plus interest). Staff suggested that the transfer not be treated as a loan.

*Original Staff Recommendation: Treat the "loan" as an investment transfer*

**3) \$73,000 Remaining Balance of the Old Lodi Union High Foundation's 1991 Loan (credit the \$73,000 from the Foundation's previous payments)** On May 1, 1991 the City Council voted to loan the "Foundation" the sum of \$170,000 for design of the Hutchins Street Square Auditorium. The Foundation has repaid \$97,000 of this loan. In 1997, the Foundation committed to repay the City the \$10,358,362 loan for completion of the Hutchins Street Square project. To date, the Foundation has paid the City \$1,100,000 cash which has been matched with waivers by the City Council in the amount of \$912,500. The total credit to the Foundation for the loan is \$2,012,500. The former Director of Hutchins Street Square recommended that the remaining balance of the 1991 loan (\$73,000) be waived by the City Council or that the City's "match" be used to waive the loan. A copy of Council Communication and Council minutes for May 1, 1996 (Exhibit D) are attached.

*Original Staff Recommendation: Waive the remaining balance of \$73,000*

Additionally, at the request of Council staff will bring the Transit Fund updates to Council by the end of the fiscal year.

**FUNDING:** Dependent on Council's actions.

  
Janet S. Keeter  
Deputy City Manager

JK/sl

Attachments

CITY OF LODI  
Notes to Basic Financial Statements (continued)  
June 30, 2003

(4) **INTERFUND RECEIVABLES/PAYABLES**

Interfund receivables and payables are as follows at June 30, 2003:

Receivable Fund	Payable Fund	Amount
General	Capital Outlay Reserve	\$ 229,120
Capital Outlay Reserve	Other governmental	763,291
Other governmental	Other governmental	582,331
Other governmental	General	1,345,416
Electric	Capital Outlay Reserve	2,050,000
Wastewater	Nonmajor fund - Transit	1,779,307
Wastewater	Other governmental	42,774
Water	Nonmajor fund - Transit	889,655
Water	Capital Outlay Reserve	1,396,764
Water	Other governmental	23,705
		<u>\$ 9,102,363</u>

"Due to" and "due from" balances are recorded primarily when funds overdraw their share of pooled cash or when there are short-term loans between funds. The \$582,331 and the \$1,345,416 represent cash deficits in the governmental funds. The \$1,779,307 and the \$889,655 represent the cash deficit in the Transit Fund. The \$229,120 from the General Fund to the Capital Outlay Reserve Fund is a loan for the start up costs of a redevelopment agency. The \$763,291 from the Capital Outlay Reserve to the Other governmental is a loan primarily for capital street expansion. The \$2,050,000 from the Electric Fund to the Capital Outlay Reserve Fund represents loan for capital improvements. The \$1,396,764 in the Water Fund is primarily the loan incurred for the construction of Fire Station #4.

## RESOLUTION NO: 96- 95

A RESOLUTION OF THE LODI CITY COUNCIL  
AUTHORIZING THE INVESTMENT TRANSFER OF \$350,000 FROM THE ELECTRIC UTILITY  
FUND TO THE GENERAL GOVERNMENT CAPITAL OUTLAY

---

**WHEREAS**, the City Council was provided with background information on the financing plan and strategy for construction of Hutchins Street Square and other general government projects between 1995 and 2001; and

**WHEREAS**, the information given at the shirtsleeve presentation listed approximately \$10 million worth of capital improvement projects and debt service to be funded by General Fund Revenue over the next five years; and

**WHEREAS**, the investment transfer is needed to supplement the property tax distribution to the Capital Outlay Fund to give the City flexibility in addressing capital improvement needs; and

**WHEREAS**, the investment transfer will be brought forward annually for Council approval; and

**WHEREAS**, Council has approved similar investment transfers from the Electric Utility Rate Stabilization Fund in the past;

**NOW, THEREFORE, BE IT RESOLVED**, by the Lodi City Council approval of an investment transfer of \$350,000 from the Electric Utility Fund to the General Government Capital Outlay fund.

Dated: July 17, 1996


---

I hereby certify that Resolution No. 96-95 was passed and adopted by the Lodi City Council in a regular meeting held July 17, 1996 by the following vote:

Ayes: Council Members - Davenport, Mann, Pennino, Sieglock and Warner (Mayor)

Noes: Council Members - None

Absent: Council Members - None

  
Jennifer M. Perrin  
City Clerk



# CITY OF LODI

## COUNCIL COMMUNICATION

**AGENDA TITLE:** Approval of an investment transfer of \$350,000 from the Electric Utility Fund to the General Government Capital Outlay fund.

**MEETING DATE:** July 17, 1996

**PREPARED BY:** Finance Director

**RECOMMENDED ACTION:** That the City Council adopt Resolution No. 96-10<sup>4</sup> approving an investment transfer of \$350,000 from the Electric Utility Fund to the General Government Capital Outlay fund .

**BACKGROUND INFORMATION:** At the shirtsleeve meeting of July 9, 1996, the City Council was provided with background information on the financing plan and strategy for construction of Hutchins Street Square and other general government projects between 1995 and 2001. That financing plan included an investment transfer of \$350,000 from the Electric Utility Fund to the General Government Capital Outlay fund . The investment transfer will be brought forward annually for Council approval.

Information given at the shirtsleeve presentation listed approximately \$10 million worth of capital improvement projects and debt service to be funded by General Fund Revenue over the next five years. The investment transfer is needed to supplement the property tax distribution to the Capital Outlay Fund to give the City flexibility in addressing capital improvement needs. Investment in capital projects will enhance the quality of life in Lodi, contribute to the economic revitalization of the City, and provide efficient and professional public service .

**Financial Impact:** Council has approved similar investment transfers from the Electric Utility Rate Stabilization Fund in February, 1989 and May, 1990. Final repayment of these loans were made in 1994 and 1995 respectively.

**FUNDING:** Electric Utility Rate Stabilization Fund

*Vicky McAthie*  
Vicky McAthie  
Finance Director

**APPROVED:** \_\_\_\_\_

*H. Dixon Flynn*  
H. Dixon Flynn -- City Manager

Speaking on the matter was the following person:

1. Tim Hachman, Bond Counsel, answered questions from the City Council.  
FILE NO. CC-21(a), CC-72, CC-300 AND CC-400
- b) The City Council, on motion of Council Member Mann, Sieglock second, unanimously adopted Resolution No. 96-102 approving the execution of lease financing documents and sale of \$10,120,000 Certificates of Participation (1996 Public Improvement Financing Project) to finance the construction of Performing Arts/Convention Center.

Speaking on the matter was the following person:

1. John Fitzgerald, Seidler/Fitzgerald Public Finance, answered questions from the City Council.  
FILE NO. CC-14(e), CC-21(a), CC-27(e) AND CC-300
- c) The City Council, on motion of Council Member Sieglock, Mann second, unanimously adopted Resolution No. 96-95 approving an investment transfer of \$350,000 from the Electric Utility Fund to the General Government Capital Outlay fund. Mayor Warner reiterated the City Council's earlier direction that this transfer not be done unless it is absolutely necessary; however, he understands that at the outset it is necessary to make the numbers balance. Council Member Mann indicated that the City Manager has acknowledged the Council's reluctance to do the transfer just because we can. This will be an annual request *if needed* and will be paid back by receipts from the Foundation.  
FILE NO. CC-21(b), CC-51(d) AND CC-300
- d) The City Council, on motion of Council Member Sieglock, Mann second, unanimously approved the landlords consent, thereby consenting to the assignment of the lease between the Lodi Boys and Girls Club, Inc. with the City of Lodi to Pacific State Bank.  
FILE NO. CC-6 AND CC-90

13. MEETING OF THE LODI PUBLIC IMPROVEMENT CORPORATION

Mayor Warner adjourned the City Council meeting to a meeting of the Lodi Public Improvement Corporation. President Warner called the meeting to order and roll was recorded by Secretary Perrin as follows:

Present: Board Members - Davenport, Mann, Pennino, Sieglock and Warner (President)  
Absent: Board Members - None  
Also Present: Treasurer McAthie and Secretary Perrin

President Warner asked that the minutes reflect the earlier actions taken by the City Council on this issue (shown below):

*"The City Council, on motion of Council Member Mann, Sieglock second, unanimously adopted Resolution No. 96-102 approving the execution of lease financing documents and sale of \$10,120,000 Certificates of Participation (1996 Public Improvement Financing Project) to finance the construction of Performing Arts/Convention Center.*

*Speaking on the matter was the following person:*

1. *John Fitzgerald, Seidler/Fitzgerald Public Finance, answered questions from the City Council."*



## CITY OF LODI

## COUNCIL COMMUNICATION

AGENDA TITLE: Consideration of Funding Alternatives for Hutchins Street Square Auditorium

MEETING DATE: May 1, 1991

PREPARED BY: City Manager

RECOMMENDED ACTION: That the City Council review the attached sources of funding for the development of the initial design phase of the Hutchins Street Square Auditorium and take action as deemed appropriate.

BACKGROUND INFORMATION: At its regular meeting of April 17, 1991, the City Council heard a request from the Old Lodi Union High School Site Foundation, in the person of Mr. Dennis Bennett, Chairman, that the City Council advance the Foundation the sum of \$170,000 to fund the preparation of preliminary design drawings for the restoration of the auditorium at Hutchins Street Square. In the Council Communication addressing this request in the agenda packet for that meeting, it was noted that the balance in the General Fund Operating Reserve had dipped below the generally accepted minimum level. As such, it is not prudent to tap this reserve fund for this purpose. Therefore, the only remaining source of revenue are those funds already appropriated for Capital Improvement Program projects. It comes down to a priority ranking. The attached list of projects (Exhibit A) illustrates from which projects funds could be made available to satisfy the Foundation's request. The biggest "hit" is on the Municipal Service Center's Administration Building expansion project. There is a need for this expansion or it would not have been included in the recently-adopted Capital Improvement Program. The operative word here is "priority." If the City Council deems it a higher priority to move ahead with the preparation of the preliminary design for the auditorium at this time, there is funding available. However, it is available only at the expense of other projects.

The City Hall addition project appropriation is listed as a possible source of funding, but this is a critical need from both space and handicap accessibility standpoints. It is recommended that this project not be slowed.

APPROVED: \_\_\_\_\_

THOMAS A. PETERSON  
City Manager

Consideration of Funding Alternatives for Hutchins Street Square Auditorium  
May 1, 1991

The staff will be prepared to answer questions and provide whatever additional information may be requested.

Funding Source: Capital Outlay Reserve

Respectfully submitted,

A handwritten signature in cursive script, reading "Thos. A. Peterson". The signature is written in dark ink and is positioned above the printed name.

Thomas A. Peterson  
City Manager

TAP:br

Attachment

CCCOM193/TXTA.07A



EXHIBIT A

FUNDING SOURCES  
FOR AUDITORIUM DESIGN  
HUTCHINS STREET SQUARE

	Available Funds	Recommended Reallocation
MSC Covered Storage:		
Sewer Capital	\$ 120,000	
Water Capital	60,000	
MSC - Administration Building:		
Sewer Capital	200,000	\$ 90,000
Water Capital	100,000	45,000
MSC - Garage Expansion:		
Sewer Capital	60,000	
Electric Capital	78,000	
Water Capital	60,000	
Capital Outlay	13,816	
City Hall Addition	1,881,473	
Miscellaneous Sanitary Sewer	10,000	5,000
Oversized Water Mains	10,000	5,000
Miscellaneous Water Mains	9,805	5,000
Miscellaneous Storm Drains	10,000	5,000
Kofu Park Lighting	130,403	
Upgrade Stadium Electric	135,700	
Hutchins Street Square Music Building Lighting	3,000	3,000
Miscellaneous Sewer Manholes	13,691	5,761
Sewer Taps	8,138	4,000
SPRR Property Acquisition	2,239	2,239
		=====
		\$170,000

April 1991  
CCCOM193/TXTA.07A

#153

CITY OF LODI  
SPECIAL ALLOCATION REQUEST

TO: Finance Director

DATE: May 7, 1991

FROM: City Clerk

PROJECT NUMBER: 120-1-350.82-500

CC-276)

Request is made for funds to accomplish the following project which was not included in the current budget:

<u>Description of Project</u>	<u>Estimated Cost</u>
-------------------------------	-----------------------

Funding for the development of the initial design phase of the Hutchins Street Square Auditorium	\$170,000
--	-----------

See attachment for funding sources

(If you need more space, use additional sheet and attach to this form)

Date of Approval - 5/1/91

Amount Approved - \$170,000

Council \_\_\_\_\_ XXXXX

City Manager \_\_\_\_\_

## FUND OR ACCOUNT TO BE CHARGED

Current Budget \$ \_\_\_\_\_ Prior Year Reserve \$ \_\_\_\_\_

Contingent Fund \$ \_\_\_\_\_ General Fund Surplus \$ \_\_\_\_\_

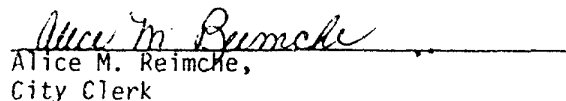
Capital Outlay Reserve \$ \_\_\_\_\_ Reimbursable Account \$ \_\_\_\_\_

Utility Outlay Reserve \$ \_\_\_\_\_ Other (Election) \$ \_\_\_\_\_

Hotel/Motel Tax Reserve -

General Fund Operating Reserve

Account Number

  
~~Robert H. Horn~~, Finance Director  
Alice M. Reimche,  
City Clerk

Submit this form in duplicate to the Finance Director. Distribution after approval will be as follows: 1) Originating Department 2) Finance Department

Continued May 1, 1991

## REGULAR CALENDAR

FUNDING APPROVED FOR PREPARATION  
OF PRELIMINARY DESIGN FOR HUTCHINS  
STREET SQUARE AUDITORIUM

CC-27(e) City Manager Peterson, reminded the City Council that at its regular meeting of April 17, 1991, the City Council heard a request from the Old Lodi Union High School Site Foundation, in the person of Mr. Dennis Bennett, Chairman, that the City Council advance the Foundation the sum of \$170,000 to fund the preparation of preliminary design drawings for the restoration of the auditorium at Hutchins Street Square. In the Council Communication addressing this request in the agenda packet for that meeting, it was noted that the balance in the General Fund Operating Reserve had dipped below the generally accepted minimum level. As such, it is not prudent to tap this reserve fund for this purpose. Therefore, the only remaining source of revenue are those funds already appropriated for Capital Improvement Program projects. It comes down to a priority ranking. The following list of projects illustrates from which projects funds could be made available to satisfy the Foundation's request.

FUNDING SOURCES  
FOR AUDITORIUM DESIGN  
HUTCHINS STREET SQUARE

	Available Funds	Recommended
Reallocation		
MSC Covered Storage:		
Sewer Capital	\$ 120,000	
Water Capital	60,000	
MSC - Administration Building:		
Sewer Capital	200,000	\$ 90,000
Water Capital	100,000	45,000
MSC - Garage Expansion:		
Sewer Capital	60,000	
Electric Capital	78,000	
Water Capital	60,000	
Capital Outlay	13,816	
City Hall Addition	1,881,473	
Miscellaneous Sanitary Sewer	10,000	5,000
Oversized Water Mains	10,000	5,000

Miscellaneous Water Mains	9,805	5,000
Miscellaneous Storm Drains	10,000	5,000
Kofu Park Lighting	130,403	
Upgrade Stadium Electric	135,700	
Hutchins Street Square Music Building Lighting	3,000	3,000
Miscellaneous Sewer Manholes	13,691	5,761
Sewer Taps	8,138	4,000
SPRR Property Acquisition	2,239	2,239
		=====
		\$170,000

The biggest "hit" is on the Municipal Service Center's Administration Building expansion project. There is a need for this expansion or it would not have been included in the recently-adopted Capital Improvement Program. The operative word here is "priority." If the City Council deems it a higher priority to move ahead with the preparation of the preliminary design for the auditorium at this time, there is funding available. However, it is available only at the expense of other projects.

The City Hall addition project appropriation is listed as a possible source of funding, but this is a critical need from both space and handicap accessibility standpoints. It is recommended that this project not be slowed.

Mr. Ben Schaffer representing the Old Lodi Union High School Site Foundation shared with the Council on how much the community has supported the Foundation, not only in its goals, but also financially. He also informed the Council that the Foundation's debts have either all been paid or have been arranged to be paid.

Following further discussion among Council and staff with questions being directed to Mr. Schaffer, the Council on motion of Mayor Pro Tempore Pinkerton, Pennino second, unanimously approved the funding as recommended by staff (\$170,000) for the preparation of a preliminary design for the Hutchins Street Square Auditorium rehabilitation with the anticipation that these funds will be re-paid by the Foundation as has been done in the past.

RECESS

Mayor Hinchman called for a short recess and Council reconvened at approximately 9:14 p.m.